

CONSTANTINE TOWNSHIP  
ST. JOSEPH COUNTY, MICHIGAN

REPORT OF AUDIT  
AS OF  
MARCH 31, 2008

# Auditing Procedures Report V1.04

Reset Form

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Issued under Public Act 2 of 1968, as amended .

Unit Name	CONSTANTINE TOWNSHIP	County	ST. JOSEPH	Type	TOWNSHIP	MuniCode	75
Opinion Date-Use Calendar	Jun 27, 2008	Audit Submitted-Use Calendar	Jul 28, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

**Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".**

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 279,845.00
General Fund Expenditure:	\$ 267,749.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 449,227.00
Governmental Activities Long-Term Debt (see instructions):	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	SHIRLEY	Last Name	JONES	Ten Digit License Number	1101022667		
CPA Street Address	100 S WASHINGTON ST	City	CONSTANTINE	State	MI	Zip Code	49042
CPA Firm Name	JONES' CPA OFFICE	Unit's Street Address	165 CANARIS ST	City	CONSTANTINE	LU Zip	49042

## CONSTANTINE TOWNSHIP

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**INDEPENDENT AUDITOR'S REPORT**

**Constantine Township Board**

We have audited the accompanying financial statements of the governmental activities and the discretely presented component unit of Constantine Township, St. Joseph County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Constantine Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the discretely presented component unit of Constantine Township, St. Joseph County, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5 and 16, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Jones' CPA Office

*Shirley J Jones*

Constantine, Michigan  
June 27, 2008

## Constantine Township Management's Discussion and Analysis

As the Constantine Township Board, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Township for the year ended March 31, 2008. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please consider the information presented here in conjunction with the financial statements and notes that follow.

### Overview of the Financial Statements

The Township's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains budgetary schedules as part of the required supplementary information.

The government-wide financial statements provide a broad view of the Township's operations. These are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods used by most businesses. All revenues and expenses are accounted for within the fiscal year, even if the cash involved has not been received or paid. The government-wide financial statements include two statements. The statement of net assets reports all of the Township's assets and liabilities, with the difference between the two reported as "net assets". Increases or decreases in net assets may help determine if the Township's financial position is improving or deteriorating. The statement of activities presents information that shows how the net assets changed during the most recent year.

The governmental funds financial statements report the Township's operations in more detail. These are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The governmental fund financial statements provide a short-term view of the finances that help to determine whether there will be sufficient resources available to meet the current needs of the Township.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help with this comparison.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on pages 12 through 15. The statement regarding the budget is required supplementary information.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Township's net assets totaled \$598,504 at March 31, 2008. A portion of the Township's net assets (25% and 27% for the years presented) is its investment in fixed assets, net of depreciation. Keep in mind that these assets are used to provide township services to the public; consequently these assets are not available for future spending. Furthermore, a portion of the Township's net assets (32% and 28%, respectively) represents resources that are subject to restrictions on how they may be used. The restricted net asset amount is Constantine Township's portion (60%) of an investment held jointly with Florence Township (40%). The purpose of the investment is to fund future fire equipment purchases. The remaining balance of unrestricted net assets (43% or \$257,293 and 45% or \$264,835, respectively) may be used to meet ongoing obligations to citizens.

### Constantine Township's Net Assets

	March 31, 2008	March 31, 2007
Current assets	\$450,022	\$439,372
Capital assets	149,277	157,818
Total assets	599,299	597,190
Less:		
Current liabilities	(795)	(2,241)
Invested in capital	149,277	157,818
Restricted	191,934	172,296
Unrestricted	257,293	264,835
Total net assets	\$598,504	\$594,949

The Township's net assets increased by \$3,555 during the year ended March 31, 2008. Approximately 30% and 27%, respectively, of the Township's total general revenue (\$254,605 and \$260,643) came from property taxes, IFT collections, the summer tax collection fee, and special assessments. The biggest source of general income (56% and 55%, respectively) was from state revenue sharing. Total revenues were only \$1,924 (about .69%) more in the current fiscal year. Cemetery income increased by \$10,798, and reimbursements were down \$16,905 (less was collected from Nerrman Road residents). Total expenditures increased for the year ended March 31, 2008 by only \$1,172. The largest expenditure was general government, which accounted for about 63% and 65%, respectively, of the total expenditures. The general government expenditures are reported in more detail in the statement of Revenues, Expenditures, and Changes in Fund Balance on page 9 and the Schedule of Township Board Expenditures on page 17.

#### Constantine Township's Statement of Activities

	<u>March 31, 2008</u>	<u>March 31, 2007</u>
Revenues:		
Program revenues:		
Charges for services	\$25,240	\$17,278
General revenues:		
Property tax and IFT collections	68,684	63,850
Summer tax collection fee	5,278	5,278
Special assessments	1,849	143
State revenue sharing	143,517	142,331
Interest	26,695	25,896
Permits, fees, fines	1,900	300
Reimbursements	4,297	21,202
Miscellaneous	2,385	1,643
Total revenues	<u>279,845</u>	<u>277,921</u>
Expenditures:		
General government	173,744	177,482
Public safety	43,495	41,273
Public works	59,051	56,363
Total expenditures	<u>276,290</u>	<u>275,118</u>
Change in net assets	3,555	2,803
Beginning net assets	<u>594,949</u>	<u>592,146</u>
Ending net assets	<u><u>\$598,504</u></u>	<u><u>\$594,949</u></u>

## Fund Statement Financial Analysis

The governmental fund financial statements (as presented in the balance sheet and the statement of revenues, expenditures, and changes in fund balances found on pages 8 and 9) report a combined fund balance of \$449,227. The difference between the combined fund balance and the net assets is \$149,277, which is net capital assets. Similarly, the difference between the change in fund balances and the change in net assets has to do with the reporting of net assets, both depreciable and nondepreciable, as reported in the reconciliation found on page 10.

## Budgetary Highlights

The budget was amended several times during the year to prevent overruns in various accounts. There were no excess expenditures for the year ended March 31, 2008. The actual charges to expenditures were \$37,692 below the final budget amounts. The largest part of the under spending was attributable to Township Board (\$10,984) and Capital Outlay (\$14,169). Actual revenue exceeded budgeted revenue by \$22,788. Actual cemetery income exceeded the budgeted cemetery income by \$11,545 and actual interest income exceeded budgeted interest income by \$17,695.

## Capital Assets

The Township had \$149,277 invested in capital assets (net of depreciation) as of March 31, 2008. The only current year capital acquisition was a computer for the clerk. Current year depreciation was \$10,372. Additional information regarding capital asset activity is included in the notes to the financial statements. Land is the only nondepreciable asset.

The depreciable assets are building and improvements, computer equipment and software, furniture and fixtures, fire fighting equipment, and other equipment. Items purchased in prior years are recorded at approximate historical cost. It is the Township's policy to record all items that exceed \$500 and have a useful life beyond one reporting period as capital assets. Additionally, all computer equipment and all furniture purchased, even if less than \$500, are reported as capital assets.

## Future Operations

Revenues and expenditures are not expected to fluctuate much for the fiscal year ending March 31, 2009. Township road expenditures are expected to increase, as are the revenues/expenditures for Winding River and Nerrman roads.



Constantine Township  
Statement of Net Assets  
March 31, 2008

	Primary Government Governmental Activities: General Fund	Component Unit: Constantine Township Library
<b>ASSETS</b>		
Cash	\$71,626	\$252,549
Investments	369,635	102,936
Property taxes receivable	4,199	119,273
Due from tax collection account	369	-
Accounts receivable	4,193	-
Capital assets:		
Nondepreciable:		
Land	105,865	32,007
Circulating items	-	216,398
Depreciable (net of depreciation)		
Building and improvements	32,010	73,743
Furniture and fixtures	978	9,474
Computer equipment and software	2,041	6,919
Fire equipment	7,903	-
Other equipment	480	2,724
Total capital assets	<u>149,277</u>	<u>341,265</u>
Total assets	<u>599,299</u>	<u>816,023</u>
<b>LIABILITIES</b>		
Accounts payable	<u>795</u>	<u>-</u>
<b>NET ASSETS</b>		
Invested in capital assets	149,277	341,265
Restricted	191,934	33,911
Unrestricted	<u>257,293</u>	<u>440,847</u>
Total net assets	<u><u>\$598,504</u></u>	<u><u>\$816,023</u></u>

See accompanying notes to financial statements.

Constantine Township  
Statement of Activities  
For the Year Ended March 31, 2008

Functions	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Assets	
			Primary Government Governmental Activities	Component Unit Constantine Township Library
Primary Government				
Governmental Activities:				
General government	\$ (173,744)	\$ 21,545	\$ (152,199)	
Public safety	(43,495)	3,695	(39,800)	
Public works	(59,051)	-	(59,051)	
Total governmental activities	<u>\$ (276,290)</u>	<u>\$ 25,240</u>	(251,050)	
Component Unit:				
Township Library	(\$149,669)	\$5,399		(\$144,270)
General Revenues				
Taxes:				
Property taxes			58,438	110,928
IFT taxes			4,731	8,943
PA 48 Fees			4,019	-
Other taxes			729	-
Penalty and interest			767	-
Tax collection fee			5,278	-
Special assessments			1,849	-
State revenue sharing/aid			143,517	3,885
Interest earned			26,695	16,131
Refunds and reimbursements			4,297	3,026
Permits, fees, fines			1,900	19,497
Miscellaneous			2,385	7,964
			<u>254,605</u>	<u>170,374</u>
Change in net assets			3,555	26,104
Net assets - beginning of year			<u>594,949</u>	<u>789,919</u>
Net assets - end of year			<u>\$598,504</u>	<u>\$816,023</u>

See accompanying notes to financial statements.

Constantine Township  
Balance Sheet - Governmental Funds  
March 31, 2008

	General Fund
<b>ASSETS</b>	
Cash	\$71,626
Investments	369,635
Property taxes receivable	4,199
Due from tax collection account	369
Accounts receivable	4,193
	<hr/>
Total assets	\$450,022
	<hr/>
<b>LIABILITIES</b>	
Accounts payable	\$795
<b>FUND BALANCES</b>	
Restricted	191,934
Unrestricted	257,293
Total fund balances	449,227
	<hr/>
Total liabilities and fund balances	\$450,022
	<hr/>
 <u>Reconciliation of the Government Fund Balance Sheet to the Statement of Net Assets</u>	
Total fund balance - Governmental funds	\$449,227
 Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	149,277
	<hr/>
Net assets of governmental activities	\$598,504
	<hr/>

See accompanying notes to financial statements.

Constantine Township  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
March 31, 2008

	General Fund
REVENUES	
Property taxes	\$68,684
Tax collection fee	5,278
State revenue sharing	143,517
Charges for services -	
Cemetery	21,545
Fire	3,695
Interest earned	26,695
Refunds and reimbursements	4,297
Permits and fees	1,900
Miscellaneous income	2,385
Special assessments	1,849
	<hr/>
Total revenues	279,845
EXPENDITURES	
General Government:	
Township board	46,136
Supervisor	11,050
Clerk	18,610
Treasurer	21,450
Assessor	24,501
Election	3,393
Board of Review	1,415
Building and grounds	5,704
Cemetery -	
Sexton	32,995
Supplies	2,581
Capital outlay	1,831
	<hr/>
	169,666
Public Safety:	
Fire and ambulance	35,167
Planning and zoning	1,090
Ordinance enforcement	2,775
	<hr/>
	39,032
Public Works:	
Roads	59,051
	<hr/>
Total expenditures	267,749
	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,096
FUND BALANCE - April 1, 2007	437,131
	<hr/>
FUND BALANCE - March 31, 2008	\$449,227
	<hr/> <hr/>

See accompanying notes to financial statements.

Constantine Township  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Activities  
For the Year Ended March 31, 2008

Net change in fund balances - total governmental funds	\$12,096
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$1,831) were exceeded by depreciation (\$10,372) in the current period.

<u>(8,541)</u>
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Change in net assets of governmental activities	<u><u>\$3,555</u></u>
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See accompanying notes to financial statements.

Constantine Township  
Statement of Fiduciary Net Assets  
Fiduciary Fund  
March 31, 2008

	Agency Fund - Tax Collection Account
<hr/>	
ASSETS	
Cash	\$1,727
	<hr/>
LIABILITIES	
Due to other governmental units	\$1,358
Due to Constantine Township	369
Total liabilities	<hr/>
	<hr/>

See accompanying notes to financial statements.

CONSTANTINE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2008

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township was organized in the mid-1880's and covers an area of 35.5 square miles. The Township operates under an elected board of five members and provides services to its almost 4,200 residents in many areas including road maintenance, fire protection, and ambulance service.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. These financial statements are prepared in accordance with the reporting model outlined in GASB No. 34.

A. REPORTING ENTITY

These financial statements present the Township and its component unit, the Constantine Township Library. As defined by GASB No. 14, component units are legally separate entities that are included in the Township's reporting entity because of the significance of their operating or financial relationships with the Township. While the Township's year ends on March 31, the Library's year ends on December 31.

The primary objective of the Library is to provide and organize significant books and other printed or recorded materials and to give guidance in their use; to help people in their search for greater understanding and in the quest for reliable information and exploration of a more secure and creative pattern for living; to guide patrons in pursuit of recreational enjoyment of printed materials and recorded transcripts. Complete financial statements of the Library may be obtained from Constantine Township Library, 165 Canaris Street, Constantine, MI 49042.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The Township's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business. The Township and the Library both have only governmental activities.

The government-wide Statement of Net Assets reports activities on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts--invested in capital assets; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The gross expenses, including depreciation, are reduced by related program revenues. The functions are also supported by general government revenues.

This government-wide focus is more on the sustainability of the Township as a whole and the change in the Township's net assets resulting from the current year's activities.

## C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The following fund types are used by the Township:

### 1. Governmental Fund:

The focus of the governmental fund's measurement is upon determination of financial position and changes in financial position rather than upon net income. The Township's only governmental fund is the general fund. It is used to account for all financial resources of the Township.

### 2. Fiduciary Fund:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others. The assets are not available to support Township programs. The reporting focus is on net assets and changes in net assets. The Township's only fiduciary fund is the tax collection fund which is an agency fund--the Township is acting in a purely custodial capacity for other governmental units. Since by definition these assets are being held for distribution to other local governments and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

## D. BASIS OF ACCOUNTING

The term basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to when a transaction or event is recognized and reported, regardless of the measurement focus applied. The measurement focus is used to denote what is being measured and recorded.

The accrual basis of accounting is used to report transactions in the government-wide financial statements. Revenues are recognized when earned and expenditures are recognized when incurred.

The modified accrual basis of accounting is used by the fund financial statements. Under this basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within sixty days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

## E. FINANCIAL STATEMENT AMOUNTS

1. Cash and investments - The amount reported as cash on the financial statements is money that is in checking and savings accounts. The amount reported as investments is in certificates of deposit and public funds investment trust accounts.

2. Capital assets - Capital assets reported in the government-wide financial statements are defined by the Township as assets with an initial cost of \$500 or more and an estimated useful life in excess of one year, with the exception of computer equipment and furniture, which are always recorded as capital assets. The depreciable assets are recorded at historical cost or as close to historical cost as could be determined. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. A complete capital asset inventory was taken prior to implementing the new reporting model.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and additions	40 years
Building improvements	10 - 40 years
Furniture and fixtures	10 years
Computer equipment and software	5 years
Fire equipment	10 years
Other equipment	10 years



3. Revenues - Substantially all governmental fund revenues are reported on the accrual basis, since property taxes are billed and collected within the same period, or within sixty days of the end of the period, in which they are levied.

4. Expenditures - Expenditures are reported when the related liability is incurred.

#### F. RESTRICTED FUND BALANCES

The restricted fund balance is money that is put into its own bank account and is earmarked for future purchases of major fire-fighting equipment.

#### NOTE II - COMPLIANCE AND ACCOUNTABILITY

Budgetary considerations - A budget for the general fund is required by state law. The first draft of the 2007-2008 budget was proposed at the January 16, 2007 meeting. It was reviewed at the February 13, 2007 board meeting and adopted at the March 13, 2007 meeting. The budget was amended several times during the year to prevent overruns in various accounts. There were no excess expenditures. All amendments were properly documented in the minutes.

#### NOTE III - ASSETS

##### A. Cash and investments

The Township's deposits are held at two different banks in the name of the Township. All deposits are in accordance with statutory authority. The bank deposits are categorized below to give an indication of the risk assumed by the Township. The difference between the bank balance and the carrying amount for the primary government was outstanding checks totaling \$2,885. There were outstanding checks totaling \$14,595 for the Library as of December 31, 2007. All outstanding checks subsequently cleared.

\* Category 1 includes insured or collateralized deposits with securities held by the Township or its agent in the Township's name.

\* Category 2 includes collateralized deposits with securities held by the pledging financial institution's trust department or agent in the Township's name.

\* Category 3 includes uninsured and uncollateralized deposits. This includes any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent, but not in the Township's name.

<u>Primary Government</u>			<u>Component Unit - Library</u>		
<u>Category</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Category</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
1	\$390,056	\$392,941	1	\$252,474	\$267,069
3	<u>51,574</u>	<u>51,574</u>	3	<u>102,936</u>	<u>102,936</u>
Totals	<u>\$441,630</u>	<u>\$444,515</u>	Totals	<u>\$355,410</u>	<u>\$370,005</u>

##### B. Property tax receivable

Properties taxes are levied December 1 and payable by February 14. At the settlement date, March 31, the unpaid taxes are turned into the county. The county pays the Township for the delinquent real property taxes. This is the amount reported as "property taxes receivable" on the financial statements. The Township treasurer continues to collect the delinquent personal property taxes. The 2007 ad valorem taxes levied consisted of .5000 mills for Township operating purposes and a total of \$1,849 for road special assessments. The Library levy was .94520 mills.

### C. Change in capital assets

Current year depreciation expense was \$10,372. Changes in capital assets were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nondepreciable assets:				
Land	\$105,865	\$0	\$0	\$105,865
Depreciable assets:				
Buildings and improvements	140,610	0	0	140,610
Furniture and fixtures	10,265	0	0	10,265
Computer equipment/software	21,194	1,831	0	23,025
Fire equipment	277,290	0	0	277,290
Other equipment	19,769	0	0	19,769
Total depreciable assets	<u>469,128</u>	<u>1,831</u>	<u>0</u>	<u>470,959</u>
Less accumulated depreciation:				
Buildings and improvements	104,427	4,173	0	108,600
Furniture and fixtures	8,968	319	0	9,287
Computer equipment/software	19,739	1,245	0	20,984
Fire equipment	264,924	4,463	0	269,387
Other equipment	19,117	172	0	19,289
Total accumulated depreciation	<u>417,175</u>	<u>10,372</u>	<u>0</u>	<u>427,547</u>
Net depreciable assets	<u>51,953</u>	<u>(8,541)</u>	<u>0</u>	<u>43,412</u>
Net total capital assets	<u>\$157,818</u>	<u>(\$8,541)</u>	<u>\$0</u>	<u>\$149,277</u>

### NOTE IV - INSURANCE RISK

The Township's insurance for Workers' Compensation, General Liability and Property Loss and fleet insurance is carried by an insurance company. The Township is not self-insured other than for minimal deductibles. No known material claims are outstanding.

### NOTE V - RELATED PARTY TRANSACTIONS

The Constantine Township Library and Constantine Township offices occupy the same building. Approximately 2/3 of the area is used by the Library and 1/3 is used by the Township. Restroom facilities and utilities are shared by the two organizations. By informal agreement, the Library pays for most of the utilities and the Township provides all insurance coverage for the Library, except for bonding.

Constantine Township  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Original Budget, Final Budget, and Actual - General Fund  
For the Year Ended March 31, 2008

	<u>Budgeted Amounts:</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$70,772	\$70,772	\$68,684	(\$2,088)
Tax collection fees	5,300	5,300	5,278	(22)
State revenue sharing	140,885	140,885	143,517	2,632
Charges for services -				
Cemetery	10,000	10,000	21,545	11,545
Fire	8,000	8,000	3,695	(4,305)
Interest earned	9,000	9,000	26,695	17,695
Refunds and reimbursements	3,600	3,600	4,297	697
Permits and fees	-	-	1,900	1,900
Miscellaneous income	3,200	3,200	2,385	(815)
Special assessments	6,300	6,300	1,849	(4,451)
Total revenues	257,057	257,057	279,845	22,788
EXPENDITURES				
General Government:				
Township board	58,020	57,120	46,136	10,984
Supervisor	11,050	11,050	11,050	-
Clerk	18,610	18,610	18,610	-
Treasurer	21,450	21,450	21,450	-
Assessor salary and supplies	23,050	24,550	24,501	49
Election	2,000	3,600	3,393	207
Board of Review/Appeals	2,100	2,100	1,415	685
Building and grounds	7,000	8,500	5,704	2,796
Cemetery -				
Sexton	33,050	33,050	32,995	55
Supplies	10,000	3,600	2,581	1,019
Capital outlay	14,000	16,000	1,831	14,169
Total general government	200,330	199,630	169,666	29,964
Public Safety:				
Fire and ambulance	37,811	37,811	35,167	2,644
Planning and zoning	2,000	2,000	1,090	910
Ordinance enforcement	5,000	5,000	2,775	2,225
Total public safety	44,811	44,811	39,032	5,779
Public Works:				
Roads	55,500	61,000	59,051	1,949
Total expenditures	300,641	305,441	267,749	37,692
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(43,584)	(48,384)	12,096	60,480
FUND BALANCE - April 1, 2007	437,131	437,131	437,131	-
FUND BALANCE - March 31, 2008	\$393,547	\$388,747	\$449,227	\$60,480

See accompanying notes to financial statements.

Constantine Township  
Schedule of Township Board Expenditures  
For the Year Ended March 31, 2008

Trustees	\$3,720
Supplies	4,325
Dues	1,875
Audit	2,000
Legal	3,260
Insurance	11,827
Printing and Publishing	1,203
Summer Recreation/Domestic Assault	4,400
Payroll Tax Expense	5,774
Miscellaneous	239
Land Resource Fees	<u>7,513</u>
Total board expenditures	<u>\$ 46,136</u>

See accompanying notes to financial statements.

Constantine Township  
Reconciliation of 2007 Tax Roll  
March 31, 2008

COLLECTIONS	Roll	Collected	Returned Delinquent
County:			
Operating	\$531,637	\$506,828	\$24,809
Commission on Aging	87,544	81,458	6,086
911	87,544	81,458	6,086
Roads	115,933	107,872	8,061
Intermediate Schools	26,641	24,789	1,852
Special Education	286,625	266,697	19,928
Community College	318,086	295,970	22,116
State Education Tax	701,345	668,617	32,728
Transportation	38,513	35,836	2,677
School Districts:			
Constantine	998,332	955,053	43,279
Constantine - Debt	757,779	707,740	50,039
White Pigeon	7,070	4,614	2,456
Three Rivers	8,619	5,905	2,714
Three Rivers - Debt	22,102	19,297	2,805
Township:			
Operating	58,362	54,304	4,058
Library	110,329	102,659	7,670
Special Assessments	1,850	1,681	169
Total Taxes	<u>\$4,158,311</u>	<u>3,920,778</u>	<u>\$237,533</u>
Industrial Facilities Tax		475,551	
Dog Licenses		765	
Interest		9,048	
2006 Delinquent Taxes		11,207	
Trailer Park Monies		339	
Delinquent Personal Property Taxes/DNR		18,319	
Overpayments/Refunds		6,505	
Nerrman Road collections		2,731	
Penalties/interest on late taxes		3,973	
Total Collections		<u>\$4,449,216</u>	
REMITTANCES			
State of Michigan		\$498,926	
St. Joseph County		2,175,064	
Constantine School District		1,730,732	
White Pigeon School District		4,614	
Three Rivers School District		27,627	
Constantine Township		91,870	
Constantine Township Library		119,627	
Refunds of overpayments and bank fees		6,591	
Total Remittances		<u>\$4,655,051</u>	
CHANGE IN CASH BALANCE		(205,835)	
CASH - BEGINNING OF YEAR		<u>207,562</u>	
CASH - END OF YEAR		<u>\$1,727</u>	

See accompanying notes to financial statements.

## Jones' CPA Office

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Shirley J. Jones, CPA

100 S. Washington Street  
Constantine, MI 49042  
Phone: 269-435-7702  
Fax: 269-435-7342  
Email: jonescpa@voyager.net

June 27, 2008

To the Supervisor and Board  
Constantine Township  
St. Joseph County, Michigan

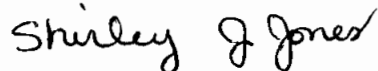
We are writing this letter in conjunction with the audit of the financial records for the Township of Constantine for the fiscal year ended March 31, 2008. We will forward to the State of Michigan their required copies of the report.

During the course of this year's audit nothing significant came to my attention that needs to be addressed. The records were in excellent order.

Thank you for your cooperation during the course of the audit. Please call at any time if you have questions.

Sincerely,

JONES' CPA OFFICE



Shirley J. Jones, CPA